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AZ. CORP. COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

SEP -7 2007

Attorneys for Bensch Ranch Utilities, LLC

DOCKETED BY

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BEFORE THE ARIZONA CORPORATION COMMISSION

APPLICATION OF BENSCH RANCH
UTILITIES, LLC FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY
TO PROVIDE SEWER SERVICE

DOCKET NO. SW-04026A-01-0499

**APPLICATION FOR APPROVAL OF
COMPLIANCE WITH DECISION NO.
67180**

Bensch Ranch Utilities, L.L.C. ("Bensch Ranch" or "Company") hereby files this Application for Approval pursuant to Decision No. 67180, dated August 10, 2004. Ordering Paragraph 2 of Decision No. 67180 requires Bensch Ranch to obtain Commission approval before changing the Company's ownership structure.

On March 19, 2007, Bensch Ranch filed a Notice of Compliance with Decision No. 67180, and Request for Commission Approval, attached hereto as Exhibit 1. In following up with Commission Staff concerning the status of the request for approval, Bensch Ranch was directed to make this filing. Through this filing Bensch Ranch is requesting Commission approval for Dwight L. Zemp, member of Bensch Ranch, to transfer, for the purpose of trust, 100 units of Bensch Ranch to Act III Investments, LLC ("Act III"). Mr. Zemp currently serves as manager of Act III.

In addition, Bensch Ranch is seeking approval to transfer units of the Company in accordance with a proposed agreement between Bensch Ranch and Pat Carpenter, which proposed agreement is attached hereto as Exhibit 2. Pat Carpenter is the certified operator providing operations and maintenance services to Bensch Ranch.

1 DATED this 7th day of September, 2007.

2 FENNEMORE CRAIG, P.C.

3
4 By: 

5 Jay L. Shapiro

6 Patrick J. Black

Attorneys for Bensch Ranch Utilities, LLC

7 ORIGINAL and 13 copies filed this
8 7th day of September, 2007, with:

9 Docket Control
10 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

11 COPY delivered this 7th day of September to:

12 Christopher Kempley, Chief Counsel
13 Legal Division
14 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

15 Ernest Johnson, Utilities Director
16 Utilities Division
17 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

18 Kimberly Battista
19 Utilities Division
20 Compliance Section
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

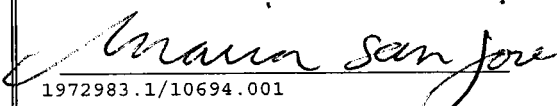
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Exhibit 1

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AZ CORP COMMISSION
DOCUMENT CONTROL

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Patrick J. Black (No. 017141)
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Telephone (602) 916-5000

Attorneys for Bensch Ranch Utilities, LLC

BEFORE THE ARIZONA CORPORATION COMMISSION

APPLICATION OF BENSCH RANCH
UTILITIES, LLC FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY
TO PROVIDE SEWER SERVICE

DOCKET NO. SW-04026A-01-0499

**NOTICE OF COMPLIANCE WITH
DECISION NO. 67180 AND REQUEST
FOR COMMISSION APPROVAL**

Bensch Ranch Utilities, L.L.C. ("Bensch Ranch" or "Company") hereby files this Notice of Compliance pursuant to Decision No. 67180, dated August 10, 2004. Ordering Paragraph 2 of Decision No. 67180 requires Bensch Ranch to obtain Commission approval before changing the Company's ownership structure.

Through this filing Bensch Ranch is requesting Commission approval for Dwight L. Zemp, member of Bensch Ranch, to transfer, for the purpose of trust, 100 units of Bensch Ranch to Act III Investments, LLC ("Act III"). Mr. Zemp currently serves as manager of Act III.

DATED this 19th day of March, 2007.

FENNEMORE CRAIG, P.C.

By: 

Jay L. Shapiro
Patrick J. Black
Attorneys for Bensch Ranch Utilities, LLC

1 ORIGINAL and 13 copies filed this
2 19th day of March, 2007, with:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

5 COPY delivered this 19th day of March to:

6 Christopher Kempley, Chief Counsel
7 Legal Division
8 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

9 Ernest Johnson, Utilities Director
10 Utilities Division
11 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

12 Brian Bozzo
13 Utilities Division
14 Compliance Section
15 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

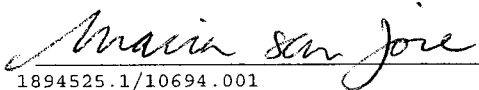
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17 1894525.1/10694.001

Exhibit 2

UNIT ACQUISITION AGREEMENT

This Unit Acquisition Agreement (the "Agreement") is entered into effective as of June __, 2007, by and among Bensch Ranch Utilities, LLC, an Arizona limited liability company ("BRU"), aQuality Water Company, LLC, an Arizona limited liability company ("AQW"), and Pat Carpenter ("Carpenter").

1. **Recitals.** AQW provides services to and on behalf of BRU pursuant to certain operations and maintenance agreements (the "O&M Agreements"). Pursuant to the O&M Agreements, AQW is owed certain amounts for such services. BRU, AQW and Carpenter have agreed that BRU shall have the option to issue units representing ownership interests in BRU (the "Units") to Carpenter in lieu of payment under the O&M Agreements in accordance with the terms of this Agreement.

2. **Monthly Services Fees.** Pursuant to that certain letter agreement between BRU, AQW and Carpenter dated May 23, 2007, BRU agreed to pay a minimum monthly service fee of \$425 per month to AQW (the "Minimum Monthly Fee") beginning March 1, 2007. The difference between the actual monthly service fee due to AQW from BRU and the Minimum Monthly Fee shall be paid as follows:

(a) For thirty (30) days following the receipt of an invoice for monthly services fees, BRU shall make a payment of any or all of the amounts owed to AQW in excess of the Minimum Monthly Fee pursuant to such invoice.

(b) To the extent that any invoiced amount remains unpaid after such thirty-day period (the "Unpaid Amounts"), Carpenter shall have a right to be issued Units in accordance with Section 3. Promptly upon the conclusion of each calendar quarter, BRU shall send to AQW and Carpenter a quarterly report within forty-five (45) days of the end of each calendar quarter commencing with the calendar quarter beginning on July 1, 2007, which shall include (a) the Paid-In Capital (as defined below) as of the end of such quarter, (b) the Unpaid Amounts, and (c) the current Units owned by Carpenter. The first such quarterly report shall be delivered following the calendar quarter ending September 30, 2007 and shall include information from March 1, 2007 through the end of such quarter.

3. **Acquisition of Units.**

(a) Within thirty (30) days of the completion of each tax year of BRU, BRU shall issue to Carpenter Units for the just completed tax year in accordance with the following formula:

Ownership Share (defined below) * Units Outstanding (defined below)/(1-
Ownership Share)

(b) For purposes of this Agreement the following definitions shall apply:

(i) "Ownership Share" shall mean the total Unpaid Amounts for such tax year, divided by the sum of (A) the Paid-In Capital; plus (B) the total Unpaid Amounts for such tax year.

(ii) "Paid-In Capital" shall mean total paid-in capital of BRU from all equity sources. As of the date of this agreement, the Paid-In Capital is \$192,899.40.

(iii) "Units Outstanding" shall mean the total Units issued and outstanding immediately prior to any issuance under this Section 3.

By way of example, if a monthly balance of \$1,750 per month is not paid by BRU from April – December, 2007, the Unpaid Amount for the tax year shall equal \$15,075, the Ownership Share shall equal \$15,075/ \$207,974.40, or 7.25%. If the number of Units Outstanding is 300, then Carpenter would be issued 23.44 Units.

(c) Any issuance of Units hereunder shall be deemed issued as of January 1 of the year of issuance.

4. **Condition Precedent.** The obligation of BRU to issue units to Carpenter hereunder are specifically conditioned upon the occurrence of the following:

(a) The Arizona Corporation Commission (the "ACC") approval of Carpenter as a member of BRU; and

(b) The execution by Carpenter of the then current Operating Agreement of BRU.

5. **AQW and Carpenter Warranties and Representations.** AQW and Carpenter warrant and represent to BRU as follows:

(a) AQW and Carpenter have all requisite legal power and authority to execute and deliver this Agreement, to acquire the Units hereunder and to carry out and perform his obligations under the terms of this Agreement. This Agreement constitutes a valid and binding obligation of AQW and Carpenter, enforceable in accordance with its terms, except as subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and the rules of law governing specific performance, injunctive relief or other equitable remedies. The execution, delivery and performance by AQW and Carpenter of this Agreement does not and will not result in a breach or termination of any provision of, constitute a default under any agreement binding upon AQW or Carpenter. Neither AQW nor Carpenter is a party to, or subject to or bound by, any judgment, injunction or decree or agreement which may restrict or interfere with the performance by AQW or Carpenter of this Agreement.

(b) Except for the approval of the ACC, no consent, approval, order or authorization of, or notice to, or registration, declaration or filing with, any governmental authority or any other person or entity is required to be obtained or made by or with respect to AQW or

Carpenter in order for this Agreement to be executed or delivered or to consummate the transactions contemplated hereby or thereby.

(c) AQW and Carpenter (i) understand that the investment in the Units involves a high degree of risk, (ii) are acquiring the Units for investment purposes only and not with a view toward the resale or distribution thereof, and (iii) have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of AQW and Carpenter's representations as expressed herein. Carpenter intends to hold the Units for investment for Carpenter's own account for an extended and indefinite period of time and understands that there is currently no market, nor is one likely to develop, for the Units. AQW and Carpenter have no present intention of selling, granting any participation in, or otherwise distributing the Units. AQW and Carpenter understand that the Units are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, AQW and Carpenter must hold the Units indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

(d) AQW and Carpenter have had access to and an opportunity to inspect all relevant information and documents relating to BRU (including, but not limited to, financial projections and forecasts of BRU), sufficient to enable AQW and Carpenter to evaluate the merits and risks of AQW and Carpenter's investment in the Units. AQW and Carpenter also have had an opportunity to ask questions of the officers and Managers of BRU, and have received satisfactory answers thereto, and have obtained such additional information as AQW or Carpenter have desired regarding the business, financial condition, and affairs of BRU, or an investment in the Units.

(e) The issuance of Units hereunder shall (i) be considered income to AQW and for all purposes shall be reported as such by BRU, (ii) not, in any way, constitute a default by or on behalf of BRU under any agreement with AQW or Carpenter, including without limitation, the O&M Agreements, and (iii) not be construed as an admission of any sort by BRU.

6. **Indemnification.** The parties agree that each shall indemnify and hold harmless the other and their representatives, members, managers, employees, predecessors, heirs, successors and assigns from and against any and all costs, losses, liabilities, damages, lawsuits, claims, and expenses, including reasonable attorneys' fees and other expenses of investigation and defense to which the other party may become subject, or which are incurred in connection with, or arise out of, or result from any breach or inaccuracy in the representations and warranties of such party or covenants of such party contained in this Agreement.

7. **Termination.** This agreement shall terminate upon the earlier of (a) the mutual agreement of the parties, (b) the termination of one or both of the O&M Agreements, or (c) the payment in full by BRU of all Unpaid Amounts and written notice of termination thereafter from BRU to AQW and Carpenter.

8. **Miscellaneous.**

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns. None of the parties hereto shall assign its respective interests or obligations hereunder without first obtaining the prior written consent of all of the other parties.

(b) The parties will, for no further consideration, execute, acknowledge and deliver all such confirmatory documents and instruments as the other party may reasonably request to carry out the intent of this Agreement.

(c) If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such provision may be severed or enforced to the extent possible and such invalidity, illegality or unenforceability shall not affect the remainder of this Agreement.

(d) This Agreement sets forth the entire agreement and understanding of the parties hereto with respect to the subject matter hereof, and all prior discussions and agreements are merged herein. This Agreement may only be amended or modified by a written agreement subscribed to by all of the parties.

(e) Any notice required or allowed to be given under this Agreement shall be in writing and shall be given by sending through a nationally recognized overnight delivery service, or by delivering such notice by hand delivery or certified mail, postage prepaid, return receipt requested, to the party to receive notice at the respective address stated below or to such other address as such party may designate by notice to the other party. Any notice so given shall be deemed effective upon receipt if sent by hand or overnight delivery, or three (3) days after mailing if sent by certified mail.

If to Carpenter: []

If to BRU: Jason P. Williamson, President
Bensch Ranch Utilities, LLC
6825 E Tennessee Ave., Suite 547
Denver, CO 80224

With a copy to: Krendl Krendl Sachnoff & Way, P.C.
Attn: Gil B. Rosenthal, Esq.
370 17th Street, Suite 5350
Denver, CO 80202

(f) This Agreement may be executed in a number of counterparts and, when so executed, all of such counterparts shall constitute a single instrument binding upon all of the parties hereto notwithstanding the fact that all parties are not signatory to the original or the same counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have read and executed this Unit Acquisition Agreement effective as of the date first above written.

AQUALITY WATER COMPANY, LLC

By: _____
Name: _____
Title: _____

Pat Carpenter, individually

BENSCH RANCH UTILITIES, LLC

By: _____
Jason P. Williamson, President